

**WEST TRAVERSE TOWNSHIP
EMMET COUNTY, MICHIGAN**

Financial Statements
For the Year Ended
March 31, 2007

Prepared By:
Richard E. Mahlmeister, C.P.A., P.C.
580 South Nicolet, P.O.Box 996
Mackinaw City, MI 49701

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name West Traverse Township	County Emmet
Fiscal Year End March 31, 2007	Opinion Date July 26, 2007	Date Audit Report Submitted to State August 14, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

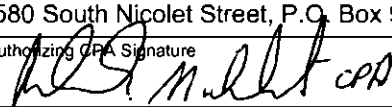
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Richard E. Mahlmeister, CPA, PC		Telephone Number 231-436-5223	
Street Address 580 South Nicolet Street, P.O. Box 996		City Mackinaw City	State MI
Authorizing CPA Signature 		Printed Name Richard E. Mahlmeister, CPA	Zip 49701
		License Number 17351	

WEST TRAVERSE TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

July 26, 2007

Township Board
West Traverse Township
Emmet County, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of *West Traverse Township, Emmet County, Michigan*, as of and for the year ended March 31, 2007, which collectively comprise *West Traverse Township's* basic financial statements as listed in the table of contents. These financial statements are the responsibility of *West Traverse Township's* management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of *West Traverse Township, Emmet County, Michigan*, as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 1 through 6 and 27 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

A handwritten signature in black ink, appearing to read "Richard E. Mahlmeister, C.P.A.", with a stylized flourish at the end.

Richard E. Mahlmeister, C.P.A.

WEST TRAVERSE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2007. Please read it in conjunction with the financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights

Net assets at March 31, 2007 totaled \$3,049,784, representing an increase of \$327,929 from the previous fiscal year. Governmental funds represented \$326,825 of this decrease, while Business-Type activities represented \$1,104 of this increase.

Governmental Fund Highlights

The governmental activities of the Township reported combined ending fund balances of \$2,027,977, which represents an increase of \$309,540 from the previous fiscal year.

Capital Assets and Long-term Debt

Capital assets in the amount of \$25,346 were acquired during the fiscal year and the Township does not have any long-term debt. Capital asset and debt activity is addressed further in a subsequent section of this letter.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: 1) management's discussion and analysis; 2) the basic financial statements; and 3) required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities and/or business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

WEST TRAVERSE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Township as a whole, using accounting methods used by private companies. The Statement of Net Assets includes all of the Township's assets and liabilities. The Statement of Activities records all of the current year's revenues and expenses, regardless of when received or paid.

The two Government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities. This is one method to measure our financial health or position.

Over time, increases or decreases in the Township's net assets are an indicator of whether financial position is improving or deteriorating.

To assess the overall health of the Township, you may also consider additional factors such as tax base changes, facility conditions, and personnel changes.

Most of the activities are reported as governmental activities. These would include the operations recorded in the General Fund, Road Fund, Thorne Swift Nature Preserve Fund and the Cook Property Fund. Business-type activities include the Water and Sewer Funds.

The comparison of net assets of governmental activities from year to year serves to measure a government's financial position:

West Traverse Township Net Assets March 31,

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$2,043,185	\$1,734,188	\$173,741	\$174,197	\$2,216,926	\$1,908,385
Capital assets (net)	<u>538,726</u>	<u>521,441</u>	<u>879,553</u>	<u>846,770</u>	<u>1,418,279</u>	<u>1,368,211</u>
Total assets	<u>\$2,581,911</u>	<u>\$2,255,629</u>	<u>\$1,053,294</u>	<u>\$1,020,967</u>	<u>\$3,635,205</u>	<u>\$3,276,596</u>
Current liabilities	\$15,208	\$15,751	\$31,843	\$620	\$47,051	\$16,371
Other liabilities	<u>-</u>	<u>-</u>	<u>538,370</u>	<u>538,370</u>	<u>538,370</u>	<u>538,370</u>
Total Liabilities	<u>\$15,208</u>	<u>\$15,751</u>	<u>\$570,213</u>	<u>\$538,990</u>	<u>\$585,421</u>	<u>\$554,741</u>
Net assets:						
Invested in capital assets, net of related debt	\$538,726	\$521,441	\$341,183	\$308,400	\$879,909	\$829,841
Unrestricted	<u>2,027,977</u>	<u>1,718,437</u>	<u>141,898</u>	<u>173,577</u>	<u>2,169,875</u>	<u>1,892,014</u>
	<u>\$2,566,703</u>	<u>\$2,239,878</u>	<u>\$483,081</u>	<u>\$481,977</u>	<u>\$3,049,784</u>	<u>\$2,721,855</u>

WEST TRAVERSE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The most significant portion of the Township's Net Assets is the investment in capital assets (e.g. land, buildings, equipment and water and sewer systems), less any related debt that is outstanding that the Township used to acquire or construct the asset. The Township has \$2,169,875 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by policies regarding their use.

The following table summarizes the results of the changes in Net Assets of the Township:

**West Traverse Township
Change in Net Assets
March 31,**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
REVENUES:						
Program revenues:						
Charges for services	\$8,840	\$16,090	\$95,671	\$91,708	\$104,511	\$107,798
General revenues:						
Property taxes	587,247	579,804	-	-	587,247	579,804
State-shared revenues	104,937	102,908	-	-	104,937	102,908
Interest income and rentals	60,227	48,378	3,018	1,655	63,245	50,033
Other	5,074	34,797	-	89	5,074	34,886
Total Revenues	<u>\$766,325</u>	<u>\$781,977</u>	<u>\$98,689</u>	<u>\$93,452</u>	<u>\$865,014</u>	<u>\$875,429</u>
EXPENSES:						
Legislative	\$18,399	\$21,636	\$ -	\$ -	\$18,399	\$21,636
General government	139,837	150,028	-	-	139,837	150,028
Public safety	72,887	72,998	-	-	72,887	72,998
Public works	120,931	68,401	-	-	120,931	68,401
Recreation and culture	70,443	68,384	-	-	70,443	68,384
Other	8,942	8,121	-	-	8,942	8,121
Unallocated depreciation	8,061	7,312			8,061	7,312
Sewer expenses	-	-	48,596	20,442	48,596	20,442
Water expenses	-	-	48,989	60,292	48,989	60,292
Total Expenses	<u>\$439,500</u>	<u>\$396,880</u>	<u>\$97,585</u>	<u>\$80,734</u>	<u>\$537,085</u>	<u>\$477,614</u>
Net assets:						
Increase in Net Assets	\$326,825	\$385,097	\$1,104	\$12,718	\$327,929	\$397,815
Beginning Net Assets	2,239,878	1,854,781	481,977	469,259	2,721,855	2,324,040
Ending Net Assets	<u>\$2,566,703</u>	<u>\$2,239,878</u>	<u>\$483,081</u>	<u>\$481,977</u>	<u>\$3,049,784</u>	<u>\$2,721,855</u>

WEST TRAVERSE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities

The Township is able to report positive balances in net assets. During the fiscal year, net assets increased by \$326,825.

Revenue has remained stable in part because the total millage levied was reduced to 1.55 mills during the current fiscal year as compared to 1.65 mills in the prior fiscal year, while expenses have increased due to various road projects undertaken during the current year. These road projects are being paid for from an additional .70 (out of 1.0 possible) voted mill that was collected for the second time this year. This additional mill was approved by the voters for four years and its use has been designated by the Township Board for road repairs.

Business-Type Activities

These activities, which include the water and sewer systems, accounted for an increase in net assets of \$1,104. Total expenses have risen primarily due to a major repair in the sewer system force main that runs under highway M-119 and Lake Road and a new control panel for the Forest Beach pump station. We have also incurred engineering and legal expenses for a potential water system expansion.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. They may also be created by the Township Board. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Township has the following types of funds:

Governmental Funds

Most of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

The Township maintains four individual governmental funds; General Fund, Road Fund, Thorne Swift Nature Preserve Fund and Cook Property Fund; of which all but the Cook Property Fund we consider major funds. The Township funds are financed primarily by property tax revenue and state shared revenues.

WEST TRAVERSE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds

The Township acts as a trustee or fiduciary and is responsible for insuring that the assets of these activities are collected and disbursed to the respective entities to which the funds belong. The Township maintains these funds and is responsible for insuring that the assets of these activities are spent for their intended purpose and at the direction of those individuals/organizations to whom the funds belongs. These activities do not appear in the Township's government-wide financial statements since the assets do not belong to the Township. The Township maintains a Tax Collection Fund in this category.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental Fund Activities

The General and Road Funds had increases in fund balance, primarily due to increases in taxable value and interest rates, even though the Township has undertaken various road projects. The Thorne Swift Nature Preserve Fund and Cook Property Funds remain consistent, as compared to the prior year. The Township continued to provide the same services to its residents: administrative, assessing, elections, township hall maintenance, road maintenance, fire protection, recreational activities and tax collection. The General Fund increased its fund balance by \$198,537, bringing the fund balance to \$1,651,193, the Road Fund increased its fund balance by \$143,396, bringing the fund balance to \$252,889, the Thorne Swift Nature Preserve Fund decreased its Fund balance by \$4, bringing the fund balance to \$115,216, and the Cook Property Fund increased its fund balance by \$7,165, bringing the fund balance to \$8,679.

Capital Asset and Debt Administration

Capital Assets

At March 31, 2007, the Township's governmental activities had \$538,726 in net capital assets (land, buildings and equipment), and the business-type activities had a total of \$879,553 (water and sewer systems); for a total of \$1,418,279. Capital assets purchased during the current year were primarily for township hall (new handicap ramp), sewer improvement (new Forest Beach pump station control panel), and potential water system improvements (engineering and legal expenses for constructing a reservoir). In addition, some new equipment was purchased for the Thorne Swift Nature Preserve.

Long-Term Debt

No new debt was incurred during the year, nor is there any other long-term debt.

BUDGETARY HIGHLIGHTS

Overall there are no significant differences between the original and actual budget for any fund, with the exception of the Water Fund where amended engineering costs of \$42,190 exceeded the initial budget of \$10,000.

WEST TRAVERSE TOWNSHIP

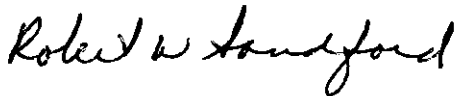
MANAGEMENT'S DISCUSSION AND ANALYSIS

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Township expects financial aspects of governing to be generally the same as in the current year. However, the Township has committed approximately \$194,265 in road projects in the upcoming year

CONTACTING TOWNSHIP MANAGEMENT

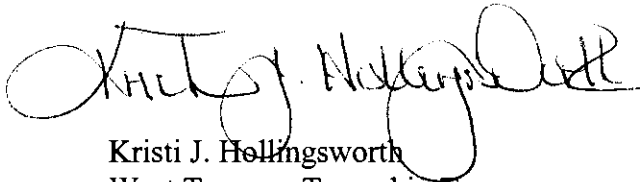
This financial report is designed to provide our citizens, creditors, investors, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for revenues it receives. If you have any questions concerning this report, or need additional information, please contact Robert W. Sandford, Township Supervisor at 231.526.7361 (West Traverse Township Hall).



Robert W. Sandford
West Traverse Township Supervisor



Eva M. Lauer
West Traverse Township Clerk



Kristi J. Hollingsworth
West Traverse Township Treasurer

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WEST TRAVERSE TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2007

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Cash and cash equivalents	\$1,120,967	\$140,251	\$1,261,218
Investments	315,794	-	315,794
Receivables:			
Property taxes	26,172	-	26,172
Accounts	-	33,490	33,490
Due from fiduciary fund	24,927	-	24,927
Due from other governmental units	16,955	-	16,955
Internal balances	538,370	(538,370)	-
Capital assets (Net of Accumulated Depreciation)	538,726	879,553	1,418,279
TOTAL ASSETS	\$2,581,911	\$514,924	\$3,096,835
LIABILITIES			
Accounts payable	\$13,592	\$31,843	\$45,435
Accrued expenses	1,616	-	1,616
TOTAL LIABILITIES	15,208	31,843	47,051
NET ASSETS			
Invested in capital assets, net of related debt	538,726	341,183	879,909
Unrestricted	2,027,977	141,898	2,169,875
TOTAL NET ASSETS	\$2,566,703	\$483,081	\$3,049,784

The accompanying notes are an integral part of these financial statements.

**WEST TRAVERSE TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities			
Legislative	\$18,399	\$ -	\$ -
General government	139,837	-	-
Public safety	72,887	6,020	-
Public works	120,931	-	-
Recreation and culture	70,443	2,820	-
Other	8,942	-	-
Unallocated depreciation	8,061	-	-
Total governmental activities	439,500	8,840	-
Business-type activities			
Sewer	48,596	14,384	-
Water	48,989	81,287	-
Total business-type activities	97,585	95,671	-
Total primary government	\$537,085	\$104,511	\$ -

General Revenues
Property taxes
State-shared revenues
Unrestricted interest income and rentals
Other

Total general revenues

Change in net assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and changes in Net Assets			
Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	TOTAL
\$ -	(\$18,399)	\$ -	(\$18,399)
-	(139,837)	-	(139,837)
-	(66,867)	-	(66,867)
-	(120,931)	-	(120,931)
-	(67,623)	-	(67,623)
-	(8,942)	-	(8,942)
-	(8,061)	-	(8,061)
-	(430,660)	-	(430,660)
-	-	(34,212)	(34,212)
-	-	32,298	32,298
-	-	(1,914)	(1,914)
\$ -	(\$430,660)	(\$1,914)	(\$432,574)
	587,247	-	587,247
	104,937	-	104,937
	60,227	3,018	63,245
	5,074	-	5,074
	757,485	3,018	760,503
	326,825	1,104	327,929
	2,239,878	481,977	2,721,855
	\$2,566,703	\$483,081	\$3,049,784

FUND FINANCIAL STATEMENTS

WEST TRAVERSE TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2007

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>THORNE SWIFT NATURE PRESERVE FUNDS</u>
Cash and cash equivalents	\$756,597	\$242,665	\$113,026
Investments	315,794	-	-
Taxes receivable	13,758	10,224	2,190
Receivable from other governments	16,955	-	-
Due from other funds	563,297	-	-
TOTAL ASSETS	\$1,666,401	\$252,889	\$115,216
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$13,592	\$ -	\$ -
Accrued expenses	1,616	-	-
TOTAL LIABILITIES	15,208	-	-
FUND BALANCES			
Unreserved:			
Designated for:			
Subsequent years' expenditures	2,733	-	14,036
Undesignated	1,648,460	252,889	101,180
TOTAL FUND BALANCES	1,651,193	252,889	115,216
TOTAL LIABILITIES AND FUND BALANCES	\$1,666,401	\$252,889	\$115,216

The accompanying notes are an integral part of these financial statements.

NON-MAJOR FUND COOK PROPERTY FUND	TOTAL GOVERNMENTAL FUNDS
\$8,679	\$1,120,967
-	315,794
-	26,172
-	16,955
-	563,297
<u>\$8,679</u>	<u>\$2,043,185</u>
\$ -	\$13,592
-	1,616
-	15,208
-	16,769
8,679	2,011,208
8,679	2,027,977
<u>\$8,679</u>	<u>\$2,043,185</u>

**WEST TRAVERSE TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2007**

Reconciliation of fund balances on the balance sheets for governmental activities
to the statement of net assets

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$2,027,977
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

Add: capital assets	610,900
Subtract: accumulated depreciation	<u>(72,174)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$2,566,703</u></u>
--	----------------------------------

The accompanying notes are an integral part of these financial statements.

WEST TRAVERSE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

	GENERAL FUND	ROAD FUND	THORNE SWIFT NATURE PRESERVE FUND
REVENUES			
Taxes	\$328,456	\$212,964	\$45,827
Licenses and permits	6,020	-	-
State shared revenues	104,937	-	-
Charges for services	-	-	2,820
Interest and rentals	40,122	3,770	3,551
Other income	3,264	-	1,642
TOTAL REVENUES	482,799	216,734	53,840
EXPENDITURES			
Current:			
Legislative	18,399	-	-
General government	139,837	-	-
Public safety	72,887	-	-
Public works	13,690	107,241	-
Recreation and culture	10,161	-	48,844
Other functions	8,942	-	-
Capital outlay	20,346	-	5,000
TOTAL EXPENDITURES	284,262	107,241	53,844
NET CHANGES IN FUND BALANCES	198,537	109,493	(4)
FUND BALANCES, BEGINNING OF YEAR	1,452,656	143,396	115,220
FUND BALANCES, END OF YEAR	\$1,651,193	\$252,889	\$115,216

The accompanying notes are an integral part of these financial statements.

NON-MAJOR FUND	TOTAL
COOK PROPERTY FUND	GOVERNMENTAL FUNDS
\$ -	\$587,247
-	6,020
-	104,937
-	2,820
12,784	60,227
168	5,074
12,952	766,325
-	18,399
-	139,837
-	72,887
-	120,931
11,438	70,443
-	8,942
-	25,346
11,438	456,785
1,514	309,540
7,165	1,718,437
\$8,679	\$2,027,977

WEST TRAVERSE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

Reconciliation of statement of revenues, expenditures and changes in fund balances of
governmental funds to statement of activities

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$309,540

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, those costs
are allocated over their useful lives as annual depreciation expense in the statement
of activities.

Add: capital outlay capitalized during the current year	25,346
Subtract: depreciation expense	(8,061)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$326,825

The accompanying notes are an integral part of these financial statements.

**WEST TRAVERSE TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
MARCH 31, 2007**

<u>ASSETS</u>	<u>SEWER FUND</u>	<u>WATER FUND</u>	<u>TOTAL</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$93,965	\$46,286	\$140,251
Accounts receivable	277	33,213	33,490
TOTAL CURRENT ASSETS	94,242	79,499	173,741
CAPITAL ASSETS			
Land rights	3,489	-	3,489
Sewer system	482,256	-	482,256
Water system	-	795,409	795,409
Less: accumulated depreciation	(322,264)	(79,337)	(401,601)
NET CAPITAL ASSETS	163,481	716,072	879,553
TOTAL ASSETS	\$257,723	\$795,571	\$1,053,294
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$31,493	\$350	\$31,843
LONG-TERM LIABILITIES:			
Due to other funds	-	538,370	538,370
TOTAL LIABILITIES	31,493	538,720	570,213
NET ASSETS:			
Invested in capital assets, net of related debt	163,481	177,702	341,183
Unrestricted	62,749	79,149	141,898
TOTAL NET ASSETS	\$226,230	\$256,851	\$483,081

The accompanying notes are an integral part of these financial statements.

**WEST TRAVERSE TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2007**

	SEWER FUND	WATER FUND	TOTAL
OPERATING REVENUES			
Service fees	\$14,384	\$81,287	\$95,671
OPERATING EXPENSES			
Cost of water	-	9,888	9,888
Salaries and wages	-	1,293	1,293
fringe benefits	-	33	33
Contractual services	2,215	9,486	11,701
Maintenance/repairs	32,238	6,074	38,312
Other supplies and expenses	18	499	517
Utilities	2,331	3,619	5,950
Depreciation	11,794	18,097	29,891
TOTAL OPERATING EXPENSES	48,596	48,989	97,585
OPERATING INCOME (LOSS)	(34,212)	32,298	(1,914)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	3,018	-	3,018
CHANGE IN NET ASSETS	(31,194)	32,298	1,104
NET ASSETS, BEGINNING OF YEAR	257,424	224,553	481,977
NET ASSETS, END OF YEAR	\$226,230	\$256,851	\$483,081

The accompanying notes are an integral part of these financial statements.

**WEST TRAVERSE TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2007**

	SEWER FUND	WATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$14,107	\$95,101	\$109,208
Payments for operating expenses	(5,309)	(31,162)	(36,471)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,798	63,939	72,737
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(10,330)	(52,344)	(62,674)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest/investment earnings	3,018	-	3,018
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,486	11,595	13,081
CASH AND CASH EQUIVALENTS:			
BEGINNING OF YEAR	92,479	34,691	127,170
END OF YEAR	\$93,965	\$46,286	\$140,251
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	(\$34,212)	\$32,298	(\$1,914)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	11,794	18,097	29,891
Changes in assets and liabilities:			
Receivables	(277)	13,814	13,537
Accounts payable	31,493	(270)	31,223
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$8,798	\$63,939	\$72,737

The accompanying notes are an integral part of these financial statements.

**WEST TRAVERSE TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
TAX COLLECTION FUND
MARCH 31, 2007**

	AGENCY FUND
	<hr/>
<u>ASSETS</u>	
Cash	<u>\$24,927</u>
<u>LIABILITIES</u>	
Due to other funds	<u>24,927</u>
<u>NET ASSETS</u>	
Fiduciary Net Assets	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Traverse Township, Emmet County, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the most significant policies.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity include those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not properly included among program revenues are reported instead as general revenue.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

The proprietary funds use the accrual basis of accounting and are accounted for on a cost-of-service or "capital maintenance" measurement focus. Under the capital maintenance measurement focus, all assets and liabilities associated with the fund's activities are included on its balance sheet. Under the accrual basis, revenues are recognized when earned and expenses are recognized when they are incurred. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria, based on percentage of the assets, liabilities, revenues or expenditures/expenses of the governmental and proprietary funds, for the determination of major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Governmental fund financial statements are reported using the current financial measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, state shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be available when cash is received by the government.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Financing is provided primarily by property taxes and state shared revenues.

Road Fund – The Road Fund accounts for revenues and expenditures attributable to improvement of various roads located within the Township. Revenue is primarily obtained from property taxes for this purpose.

Thorne Swift Nature Preserve Fund – The Thorne Swift Nature Preserve Fund is used to account for revenues and expenditures related to operating the nature preserve. Financing is provided primarily by a special property tax levy.

The Township reports the following nonmajor fund:

Cook Property Fund - The Cook Property Fund is used to account for revenues and expenditures related to operating the rental units and maintaining property used for recreational and future expansion. Financing is provided primarily from revenues generated by the rental units.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

The Township reports the following major enterprise funds:

Sewer Fund – This fund accounts primarily for the activities of the sewer department system. This fund is financed primarily by user fees.

Water Fund – This fund accounts primarily for the activities of the water department system. This fund is financed primarily by user fees.

Fiduciary Funds

Trust and Agency Fund - The Tax Collection Fund is used to account for property taxes collected for the Township and as an agent for other governmental units. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, cash in savings and money market accounts.

INVESTMENTS

Investments are stated at cost, which approximates market, and consist of certificates of deposit with maturity values of three months or longer.

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

All receivables are reported at their gross values. Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed.

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Receivable from other governments represents various shared revenues, grants, and reimbursements from other governments.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

There is no accumulated vacation, sick leave or post-employment benefits to be recognized.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are generally defined by the government as assets with an initial individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Expenditures for maintenance and repair are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. The Township is not required to report infrastructure retrospectively.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	20 to 40 years
Furniture and equipment	5 to 20 years
Water and Sewer Systems	20 to 50 years
Leasehold improvements	20 to 40 years

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs are reported as debt service expenditures. The Township has no long-term obligations as of March 31, 2007.

FUND EQUITY

Reserved fund balances for governmental funds indicates that portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted by the Township officials for the General and Special Revenue Funds. The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. Budgeted amounts are as originally adopted, or as amended by the Township Board.
5. Appropriations expire at the end of the fiscal year.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

NOTE 3: PROPERTY TAX

Property tax revenues for the year ended March 31, 2007, reflected in the accompanying financial statements include property taxes levied December 31, 2006. These taxes are due by February 15, 2007, and are added to the County tax rolls after February 28, 2007. The Township will receive 100% payment for the delinquent tax by June, 2007.

The taxable value of the Township totaled \$288,616,717, on which ad valorem taxes consisted of .7 mills for the Township's operating purposes, .7 mills for additional operating purposes to be used for roads, and .15 mills to be used for recreation purposes, raising \$201,805 for operating purposes, \$201,805 for roads and \$43,235 for recreational purposes.

NOTE 4: CASH AND CASH EQUIVALENTS

The caption on the statements of net assets relating to cash and cash equivalents and investments represent deposits in varying amounts as follows:

Cash and cash equivalents	\$1,286,145
Investments (certificates of deposit)	315,794
	<hr/>
	\$1,601,939

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 4: CASH AND CASH EQUIVALENTS (CONTINUED)

The Township pools cash in common bank accounts to maximize its investment return. The equity of each fund in the common accounts as follows:

General Fund	\$721,754
Thorne Swift Nature Preserve Fund	112,526
Cook Property Fund	8,679
Sewer Fund	10,222
Water	46,286
	<hr/>
	\$899,467
	<hr/>

Custodial Credit Risk – Deposits

At year-end the carrying amounts of cash and cash equivalents were classified as to risk as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$608,669	\$608,674
Uninsured – uncollateralized	993,270	988,639
	<hr/>	<hr/>
	\$1,601,939	\$1,597,313
	<hr/>	<hr/>

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated level are used as depositories. The Township may experience significant fluctuations in deposit balances through the year.

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 5: INTERFUND BALANCES AND TRANSFERS

The composition of interfund receivables and payables for the year ended March 31, 2007 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$563,297	\$ -
Water	-	538,370
Tax Collection	-	24,927
Total	<u>\$563,297</u>	<u>\$563,297</u>

The long-term interfund balance between the General Fund and Water Fund is for water system expansion. The remaining balance is for property taxes.

There were no operating transfers for the year ended March 31, 2007.

NOTE 6: CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

<u>Governmental Activities</u>	<u>Balance April 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2007</u>
<u>Not being depreciated:</u>				
Land and land rights	\$400,604	\$ -	\$ -	\$400,604
<u>Being Depreciated:</u>				
Building and Improvements	63,434	20,346	-	83,780
Leasehold Improvements	84,227	-	-	84,227
Equipment	37,289	5,000	-	42,289
Subtotal	585,554	25,346	-	610,900
Less accumulated depreciation	(64,113)	(8,061)	-	(72,174)
Total	<u>\$521,441</u>	<u>\$17,285</u>	<u>\$ -</u>	<u>\$538,726</u>

Depreciation was charged to the Township's functions as follows:

Unallocated	<u>\$8,061</u>
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WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6: CAPITAL ASSETS (CONTINUED)

Capital asset activity of the business-type activities for the current year was as follows:

<u>Business-type Activities</u>	<u>Balance April 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2007</u>
<u>Not being depreciated:</u>				
Land and land rights	\$3,489	\$ -	\$ -	\$3,489
Construction in Progress-water	-	52,344	-	52,344
<u>Being depreciated:</u>				
Sewer system	471,926	10,330	-	518,430
Water system	743,065	-	-	743,065
Subtotal	1,218,480	62,674	-	1,317,328
Less accumulated depreciation	(371,710)	(29,891)	-	(401,601)
Total	\$846,770	\$32,783	\$ -	\$879,553

Depreciation was charged to the Township's business-type activities as follows:

Sewer	\$11,794
Water	18,097
	<u>\$29,891</u>

NOTE 7: LEASE OBLIGATIONS

The Township has a lease with the Little Traverse Conservancy, Inc. for the Thorne Swift Nature Preserve. Under terms of the lease, the Township contributed \$38,000 to assist in developing the Preserve. Further, the Township is to operate and maintain the preserve at its expense, which is in lieu of rent. A special property tax levy has been approved by Township voters of 0.25 mills to defray such costs. Upon any termination of the lease, the Conservancy obtains the rights to all leasehold improvements. The current lease extension is through November 8, 2011.

NOTE 8: LEASING ARRANGEMENTS

The Township owns and currently leases two houses, which are included in the Cook Property Fund. Leases are renewed annually and require no security deposit. The homes are on property the Township owns that is for planned future Township government development.

Future minimum lease payments, as of March 31, 2007 from lessees for next year ending March 31, 2008 are \$10,350.

WEST TRAVERSE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 9: RISK MANAGEMENT

West Traverse Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township. The Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan.

The plan has a maximum liability for property of \$1,038,022 general liability of \$5,000,000, wrongful acts of \$5,000,000, crime of \$10,000, inland marine liability of \$174,583 and bonding for public officials errors and omissions. Additionally, the Township has purchased commercial insurance for workman's compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 10: COMMITMENTS

Construction: The Township is committed under contracts for road improvements in the approximate amount of \$194,265.

Harbor Springs Area Sewage Disposal Authority: The Authority operates the Township's sewage system. The Township reimburses the Authority for costs it incurs which, according to the agreement, will be substantially all operating costs.

NOTE 11: CONTINGENCIES

The Township is contingently liable under an operating agreement with the City of Harbor Springs and Friendship Township for a portion of the costs of monitoring and remediation of environmental issues arising from the closure of a solid-waste landfill located within the township as a possible source of drinking water contamination. However studies to-date are inconclusive. Thus no provision has been made for any potential liability related to the landfill.

**WEST TRAVERSE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Property tax	\$212,968	\$201,268	\$211,235	\$9,967
Property taxes - administrative fee	85,500	85,500	100,394	14,894
Penalties and interest	7,000	7,000	16,827	9,827
Total taxes	305,468	293,768	328,456	34,688
Licenses and permits:				
Zoning permits	7,000	7,000	6,020	(980)
State shared revenues:				
State shared revenues	85,000	85,000	99,288	14,288
State shared revenues - METRO Act	5,000	5,000	5,649	649
Total state shared revenues	90,000	90,000	104,937	14,937
Interest	16,000	16,000	40,122	24,122
Other revenue:				
Other	21,920	21,920	3,264	(18,656)
TOTAL REVENUES	440,388	428,688	482,799	54,111

The accompanying notes are an integral part of these financial statements.

**WEST TRAVERSE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
LEGISLATIVE				
Township board	\$23,500	\$23,500	\$18,399	\$5,101
GENERAL GOVERNMENT				
Supervisor	20,600	20,600	16,108	4,492
Assessor	32,000	32,000	28,618	3,382
Elections	6,000	6,000	4,414	1,586
Professional services	7,000	7,300	4,209	3,091
Board of Review	1,600	1,700	1,685	15
Clerk	17,000	17,000	16,887	113
Treasurer	23,000	23,600	22,433	1,167
Office manager/secretary	27,000	27,600	20,858	6,742
Information technology	10,000	10,200	10,163	37
Township property	20,000	20,000	14,462	5,538
TOTAL GENERAL GOVERNMENT	164,200	166,000	139,837	26,163
PUBLIC SAFETY				
Fire protection	45,000	45,000	42,000	3,000
Zoning	15,000	15,000	13,115	1,885
Planning commission	23,000	23,000	17,772	5,228
TOTAL PUBLIC SAFETY	83,000	83,000	72,887	10,113
PUBLIC WORKS				
Roads	5,000	5,000	2,200	2,800
Airport authority	8,800	8,800	8,081	719
Sanitation	4,000	4,000	3,409	591
TOTAL PUBLIC WORKS	17,800	17,800	13,690	4,110
RECREATION AND CULTURE				
Library	1,200	1,200	1,070	130
Recreation	10,000	10,000	9,091	909
TOTAL RECREATION AND CULTURE	11,200	11,200	10,161	1,039
OTHER FUNCTIONS				
Insurance and bonds	9,000	9,000	8,942	58
CAPITAL OUTLAY	37,000	37,000	20,346	16,654
CONTINGENCY	7,500	7,500	-	7,500
TOTAL EXPENDITURES	353,200	355,000	284,262	70,738
REVENUES OVER (UNDER) EXPENDITURES	87,188	73,688	198,537	124,849

**WEST TRAVERSE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(\$50,000)	(\$50,000)	\$ -	\$50,000
NET CHANGE IN FUND BALANCE	37,188	23,688	198,537	174,849
FUND BALANCE - BEGINNING OF YEAR	1,452,656	1,452,656	1,452,656	-
FUND BALANCE - END OF YEAR	\$1,489,844	\$1,476,344	\$1,651,193	\$174,849

**WEST TRAVERSE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property tax	\$192,915	\$192,915	\$212,964	\$20,049
Interest income	-	-	3,770	3,770
TOTAL REVENUES	192,915	192,915	216,734	23,819
EXPENDITURES:				
Current:				
Public works	120,000	120,000	107,241	12,759
TOTAL EXPENDITURES	120,000	120,000	107,241	12,759
NET CHANGE IN FUND BALANCE	72,915	72,915	109,493	36,578
FUND BALANCE, BEGINNING OF YEAR	143,396	143,396	143,396	-
FUND BALANCE, END OF YEAR	\$216,311	\$216,311	\$252,889	\$36,578

The accompanying notes are an integral part of these financial statements.

**WEST TRAVERSE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
THORNE SWIFT NATURE PRESERVE FUND
FOR THE YEAR ENDED MARCH 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property tax	\$44,768	\$44,768	\$45,827	\$1,059
Charges for services	2,600	2,600	2,820	220
Interest and rentals	1,200	1,200	3,551	2,351
Other	300	300	1,642	1,342
TOTAL REVENUES	48,868	48,868	53,840	4,972
EXPENDITURES:				
Current:				
Recreation and culture	51,750	53,650	48,844	4,806
Capital outlay	8,500	8,500	5,000	3,500
TOTAL EXPENDITURES	60,250	62,150	53,844	8,306
NET CHANGE IN FUND BALANCE	(11,382)	(13,282)	(4)	13,278
FUND BALANCE, BEGINNING OF YEAR	115,220	115,220	115,220	-
FUND BALANCE, END OF YEAR	\$103,838	\$101,938	\$115,216	\$13,278

The accompanying notes are an integral part of these financial statements.

July 26, 2007

Township Board
West Traverse Township
Emmet County, Michigan

In planning and performing my audit of the financial statements of *West Traverse Township* as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered *West Traverse Township's* internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. My consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a deficiency in internal control that I consider a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

I believe that the following deficiency constitutes a material weakness.

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

However, small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year-end financial statements.

This communication is intended solely for the information and use of management, the Board of Trustees of **West Traverse Township** and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the opportunity to serve **West Traverse Township**. I appreciate the assistance and courtesy I received from the Supervisor, Clerk, Treasurer and Secretary during my audit. Best wishes in the next year.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard E. Mahlmeister". The signature is fluid and cursive, with a large initial "R" and "M".

Richard E. Mahlmeister, C.P.A.

Richard E. Mahlmeister, C.P.A., P.C.